

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Transferring Bound Printed Matter
Parcels to the Competitive Product List

Docket No. MC2021-78

**MOTION OF SCHOLASTIC INC.
FOR ISSUANCE OF INFORMATION REQUEST**
(April 9, 2021)

Pursuant to 39 CFR §§ 3010.160(a) and 3010.170(e), Scholastic Inc. (Scholastic) respectfully requests that the Presiding Officer issue an Information Request to obtain additional clarifying data and information from the Postal Service concerning its request to transfer Bound Printed Matter Parcels from the Market Dominant product list to the Competitive product list. The proposed questions seek information that will allow participants to provide more constructive comments and evaluate whether the requested transfer meets the applicable legal and regulatory requirements, including 39 U.S.C. § 3642 and 39 CFR § 3040.130 *et seq.*

For over 100 years, the Postal Service has helped Scholastic achieve its mission of helping children unlock their potential through reading by providing access to affordable books and educational content to every student regardless of economic or social background or geographical location. Specifically, the Postal Service delivers millions of classroom magazines and Scholastic Book Club Kits annually to schools across America, including schools in remote and rural areas of the country. These mailings create reading choices for children and help to build free classroom libraries, improving literacy and educational outcomes. Student and classroom magazines are shipped individually or as FIRM bundles. Multiple Scholastic Book Club Kits are bundled and shipped together to schools as a single Bound Printed Matter Parcel, the makeup of which is different from other Bound Printed Matter Parcels. These educational multi-component bundles are shrinkwrapped and strapped and remain intact through Postal Service processing and delivery until they are opened at their destination school, at which point the individual Book Club flyers and related materials are distributed to teachers and students.

Given the substantial volume of bundled flat-shaped mail that it processes, the Postal Service is uniquely suited to handling the educational multi-component bundles shipped by Scholastic. In fact, private

carriers have communicated to Scholastic their unwillingness to process and deliver comparable educational multi-component bundles. Private carriers have stated they would only accept containerized shipments, but the cost to Scholastic to retool its operations and to ship these materials in cardboard boxes would be prohibitive and would undermine Scholastic's mission to offer books and other educational materials at reasonable prices.

Scholastic disagrees that the Bound Printed Matter Parcel product meets the definition of a competitive product generally. Scholastic is certain that there is no effective competition for the educational multi-component bundles sub-product of Bound Printed Matter Parcels that it ships. The Postal Service exercises sufficient market power such that it can raise prices for these educational multi-component bundles without risk of losing a significant level of business because there are no other firms offering a comparable product. If the Postal Service raised the prices it charges Scholastic significantly, Scholastic would have to pay the higher prices or reduce its mail volume, thus jeopardizing its educational mission.

Accordingly, Scholastic requests that the Presiding Officer issue the attached information requests to help participants and the Commission better understand: (1) the size of the educational multi-component bundle category of Bound Printed Matter Parcels, and (2) the analysis, if any, that the Postal Service has done to determine that educational multi-component bundles are appropriately categorized as competitive. Scholastic requests that the Presiding Officer require that: (1) the requested information be produced publicly, (2) information generated by spreadsheets be produced in Microsoft Excel or other spreadsheet files, and (3) any formulas embedded in the spreadsheets should be preserved.

Respectfully submitted:

/s/_____
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PROPOSED QUESTIONS

1. Is the Postal Service aware of any organizations other than Scholastic that mail multi-component bundles at Bound Printed Matter Parcel rates to schools (referred to as “educational multi-component bundles” below)?
2. Please provide the following information for educational multi-component bundles:
 - a. FY 2020 revenue, pieces, and weight for this subcategory of BPM Parcels.
 - b. The FY 2020 percentage of pieces for this subcategory by rate category.
 - c. The FY 2020 percentage of pieces for this subcategory that destines in rural areas.
3. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf to determine whether the Postal Service “exercises sufficient market power that it can effectively set the price...substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products” for educational multi-component bundles.
4. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf to determine “the availability and nature of enterprises in the private sector engaged in the delivery” of educational multi-component bundles. In particular:
 - a. Please identify all firms that offer final mile delivery of educational multi-component bundles.
 - b. For each identified firm, please provide their price list (including all rural and other delivery surcharges) for delivering this type of mail.
5. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf to determine the costs that a mailer would incur if forced to shift preparation of educational multi-component bundles from being polywrapped and strapped to being containerized in boxes.
6. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf regarding “the views of those who [mail educational multi-component bundles] on the appropriateness of the proposed” transfer of educational multi-component bundles from the market dominant to competitive product list.

7. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf regarding “the likely impact of [transferring educational multi-component bundles] on small business concerns (within the meaning of section 3641(h)).”
8. Please provide the total number of bundles of flat-shaped mail (across all products) that the Postal Service handled in FY 2020 and all underlying calculations.
9. Pages 7-8 of the Request states, “However, the cost of the higher UPS and FedEx list prices pays, in part, for additional features not offered by BPM Parcels, such as the five-day delivery guarantee within the continental United States and a much higher weight limit. In addition, UPS and FedEx commercial customers generally do not pay published rates but rather obtain negotiated rates such that the average rates actually paid are lower than the published rates would suggest. Indeed, UPS stated in its 2020 fourth-quarter earnings call that it is moving toward more personalized pricing for its customers.”
 - a. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf regarding the monetary value that shippers place on UPS’s and FedEx’s five-day delivery guarantee and other additional features offered by UPS and FedEx.
 - b. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf regarding how much lower UPS and FedEx negotiated rates are than UPS and FedEx list prices.
10. This question refers to the December 21, 2020 letter from Senate Majority Leader Charles Schumer, Senate Homeland Security and Governmental Reform Committee Chairman Gary Peters, House Committee on Oversight and Reform Chairwoman Carolyn Maloney, and twelve other Members of Congress (attached). The December 21, 2020 letter states “[g]iven the lack of information on how [the transfer of Bound Printed Matter Parcels containing educational materials to pre-K through grade 12 schools] would have an impact on revenue, there is a bipartisan, bicameral concern that if the Postal Service moves forward with this proposal, it could result in under-stocking of classroom libraries and harm learning opportunities for our elementary, middle, and high school students. Indeed this change may have limited benefit and could effectively lower Postal Service revenue if the mailers of this material are forced to leave the mail system. We therefore request that Postal Service exempt educational materials sent to pre-K through grade 12 schools if it requests BPM be transitioned to the competitive market category.”
 - a. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf regarding whether educational multi-component bundles should be exempt or excluded from the Bound Printed Matter Parcel transfer proposal.
 - b. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf regarding whether any segment of the Bound Printed Matter Parcel product should be exempt or excluded from the Bound Printed Matter Parcel transfer proposal.

- c. Please confirm that the Postal Service could lawfully exempt or exclude educational multi-component bundles as a subclass or subordinate consistent with 39 U.S.C. § 3642(c). If not confirmed, please explain fully.

- 11. This question refers to the July 10, 2020 letter from House Committee on Oversight and Reform Chairwoman Maloney (attached). The July 10, 2020 letter states “[g]iven the importance of BPM to educational institutions, I request that the Postal Service consult with the Committee on Oversight and Reform before making any official request to the Postal Regulatory Commission to transfer BPM to the Competitive category. It is critical that while we work to ensure that the Postal Service continues to remain financially viable, we not inadvertently harm schools that are already facing deep financial cuts due to the ongoing coronavirus pandemic.”
 - a. Please confirm whether the Postal Service consulted with the Committee on Oversight and Reform before making the official request to transfer Bound Printed Matter Parcels to the Competitive product list. If confirmed, please provide a detailed explanation of the nature of the consultation.

- 12. This question refers to the attached Excel Workbook - Rate Comparison.xlsx, which shows a comparison of current published prices for Bound Printed Matter Parcels, Parcel Select, UPS Ground packages (excluding surcharges), and FedEx Ground packages (excluding surcharges).
 - a. Please confirm that the numbers in Rate Comparison.xlsx are correct. If not confirmed, please provide the correct figures and explain fully.
 - b. Please refer to the chart in Rate Comparison.xlsx graphically depicting the rate comparison of 4-pound, Zone 1&2 prices for BPM DNDC Parcels, Parcel Select DNDC, and UPS and FedEx Ground. Please provide the estimated cost coverage for BPM Parcels that would result if all BPM Parcel prices were increased by 455 percent.